

complaint

Mrs E complains that the new car she bought with finance from PSA Finance UK Limited isn't fit for purpose.

background

Mrs E bought the car in May 2016. She later complained to PSA about problems she was experiencing with it.

Being unhappy with PSA's response to her complaint, Mrs E complained to this service.

Our investigator thought Mrs E's complaint should be partly upheld. He said Mrs E should be able to reject the car and receive a refund of any deposit she'd paid, together with 8% interest. And she should receive £200 compensation for the inconvenience she'd suffered. The investigator also said PSA should remove any adverse references to the finance agreement from Mrs E's credit file. But he said it should be able to recover any excess mileage charges it's entitled to under the agreement.

Both parties disagreed with the investigator's conclusions. So, the matter's been referred to me to make a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've decided to partly uphold Mrs E's complaint and I'll explain why.

Mrs E says she bought the car in May 2016. She says on 20 August it broke down and the roadside assistance company which attended found a number of faults. And she says the car needed repairs and she didn't get it back until 19 September.

Mrs E also says it broke down again on 20 September. She says it then broke down for a third time on 18 December. She says the roadside assistance company found multiple fault codes. And she says the car broke down again in March 2017 and the roadside assistance company found multiple fault codes again.

In addition, Mrs E says she's incurred extra charges on her phone bill and £200 doesn't even begin to cover the cost of her calls to PSA. She says she's incurred rental car charges, loss of work and holidays, she's been left without transport at times and she's accrued mileage charges for taking the car into the dealership. So, Mrs E says she shouldn't have to pay any extra charges under the agreement, as the car's not fit for purpose.

PSA says the only repairs to the car were in relation to the initial issues reported in August 2016. It says it couldn't find any faults with the car subsequently and that's why it couldn't accept rejection.

PSA also says the car's been driven three times the annual mileage allowance in seven months. And it says if there was an inherent problem, surely it wouldn't have been possible to use the car to its full capacity and over.

In addition, PSA says it arranged for diagnostic testing to be carried out on Mrs E's car and as a result no defects were found. And it says a creaking noise in the front suspension was found to be due to a lack of grease in the bump stops.

I see Mrs E reported four breakdowns of her car between August 2016 and March 2017. And I see following the first breakdown she was without the car for several weeks whilst it was being repaired. I acknowledge PSA says faults were only found following the first breakdown. But I've seen the reports from the roadside assistance company which refer to the existence of multiple fault codes found on diagnostic testing following breakdowns in August 2016, December 2016 and March 2017.

So, on balance I think it's likely there have been further problems with the car following the repairs in August/September 2016. I also see Mrs E asked to reject the car in December 2016.

So, taking everything into account and particularly bearing mind that this was a new car, I think it's fair for me to ask PSA to accept the rejection of the car by Mrs E, in the circumstances. I also think it's fair for me to ask it to repay any deposit she paid when she bought it, together with 8% interest. And to remove any adverse references to the finance agreement from Mrs E's credit file.

I note the points Mrs E's made about the costs she's incurred and I note she says she shouldn't have to pay any extra charges under the agreement. But, taking an overall view of the situation, I think £200 is reasonable compensation for me to ask PSA to pay Mrs E. And I also think it's fair for PSA to be able to recover any excess mileage charges it's entitled to under her agreement.

So, I partly uphold Mrs E's complaint on this basis.

my final decision

I partly uphold Mrs E's complaint against PSA Finance UK Limited. It must:

1. Allow Mrs E to reject her car;
2. Refund any deposit Mrs E paid for the car;
3. Pay Mrs E interest at 8% simple on any deposit from the date she paid it;*
4. Pay Mrs E £200 compensation for the inconvenience she's experienced;
5. Remove any adverse references to the finance agreement from Mrs E's credit file.

*If PSA considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs E how much it's taken off. It should also give Mrs E a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 21 August 2017.

Robert Collinson
ombudsman

